

1997 SMALL BUSINESS PROFILE

SMALL BUSINESS: BACKBONE OF THE LOUISIANA ECONOMY

The importance of small business to the state of Louisiana is evident in the 1997 Small Business Profile. The findings reported in this year's profile, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, clearly indicate the crucial role small businesses play in the state's economy. Not only do small businesses play a vital role as job creators, but their diversity and composition provide the work force with endless opportunities.

Number of Businesses - In 1996, Louisiana had 88,027 businesses with employees; 97.6 percent of the businesses were small businesses (percent based on 1994 data for independent businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 126,000 self-employed persons in 1996, for an estimated total of 214,027 businesses.

Small Business Income - The income of sole proprietors and partners rose 6.1 percent to \$6.8 billion in 1996, while wage-and-salary income rose 4.5 percent. Total personal income rose 4.7 percent to \$52.9 billion. The state also exported \$4.7 billion of goods in 1996.

Minority Businesses - According to The National Foundation for Women Business Owners, as of 1996, there were 101,900 women-owned businesses in Louisiana, including part-time firms, employing 257,100 people and generating \$45.9 billion in sales. Between 1987-1996, the number of women-owned businesses, increased 67.7 percent.

According to the latest Bureau of the Census data, the number of Black-owned firms, including part-time firms, increased 32.5 percent from 1987 to 1992, totaling 20,312 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 84.8 percent during the same time period with 4,983 firms in 1992. There has also been a marked increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaskan Natives. The number for this group grew from 2,808 in 1987, to 4,826 in 1992, representing a 71.9 percent increase.

Business Turnover - The number of new firms increased 2.8 percent, while new business incorporations increased 4.1 percent in 1996. Financial difficulties leading to business bankruptcies increased by 10.5 percent and business failures decreased by 40.6 percent during 1996.

Finance - An SBA Office of Advocacy study found that the number of banks in Louisiana decreased from 209 in 1994 to 180 in 1996. The study also found the top lenders to small businesses in fiscal year 1996 were:

Bank Name	Location
ACADIAN BK	Thibodaux
FIRST GUARANTY BK	Hammond
AMERICAN SECURITY BK VILL PL	Ville Platte
EVANGELINE B&TC	Ville Platte
MIDSOUTH NB	Lafayette
FIRST NB OF DENHAM SPRINGS	Denham Springs
SOUTH LA BK	Houma
PEOPLES ST BK	Many
FIRST REPUBLIC BK	Rayville
GULF COAST BK	Abbeville
HANCOCK BK OF LA	Baton Rouge
REGIONS BK OF LA	Baton Rouge

Job Growth - Small businesses created 115,910 of the 195,249 net new jobs from 1992 to 1996. Very small businesses (less than 20 employees) created 64.0 percent of the small business growth with 74,222 new jobs. These numbers clearly reflect the importance of small businesses as job creators.

Number of Jobs Created by Major Industry and Employment Size of Firm, 1992-1996

Industry	1-4	5-19	20-99	100-499	500+	Totals
All Industries	42,926	31,296	25,200	16,487	79,339	195,249
Manufacturing	835	1,333	1,523	(1,511)	(7,752)	(5,573)
Retail Trade	8,548	6,794	7,464	(108)	(5,478)	17,221
Services	25,468	19,217	16,624	19,405	111,291	192,005
Other	8,075	3,951	(407)	(1,298)	(18,722)	(8,404)

Industries - The composition of small business in Louisiana is very diverse. The Health Services industry is the largest small business employer in Louisiana, followed by Eating & Drinking Places. The fastest growing industry for small business is Communications (represents industries that were at least 0.25% of the 1994 total).

The following three tables provide further information about the composition of the small business sector in the state. The information is for 1994, the latest year available.

Table 1, Top Five Industries in Louisiana by Employment, 1994

Industry	SIC	Employment Total	Percent of Total	Percent Small
Total - All Industries	--	1,425,368	100.0	55.6
Health Services	8000	201,193	14.1	43.4
Eating & Drinking Places	5800	107,209	7.5	64.6
Business Services	7300	81,284	5.7	61.0
Food Stores	5400	62,129	4.4	41.1
Special Trade Contractors	1700	48,079	3.4	86.1

Table 2, Top Five Small Business Industries in Louisiana by Employment, 1994

Industry	SIC	Employment in firms with 0 - 499 employees	Percent of Total	Percent Small
Total - All Industries	--	792,493	100.0	55.6
Health Services	8000	87,398	14.1	43.4
Eating & Drinking Places	5800	69,270	7.5	64.6
Business Services	7300	49,555	5.7	61.0
Special Trade Contractors	1700	41,397	3.4	86.1
Wholesale Trade - Durable Goods	5000	38,271	3.4	79.6

Table 3, Fastest Growing Industries for Small Business in Louisiana, 1993 - 1994

Industry	1993	1994	Amount Change	Percent Change
Total - All Industries	770,294	792,493	22,199	2.9
Communications	4,605	5,446	841	18.3
Home Furniture, Furnishings, & Equipment Stores	8,068	8,751	683	8.5
Nondepository Credit Institutions	2,833	3,069	236	8.3
Health Services	80,755	87,398	6,643	8.2
Business Services	46,032	49,555	3,523	7.7

Sources: Office of Advocacy, U.S. Small Business Administration from data provided by the Department of Commerce, Department of Labor, Administrative Office of the U.S. Courts, Federal Reserve Board, Dun & Bradstreet Corporation, National Foundation of Women Business Owners, and Cognetics Inc.